GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Budget Management - Measures to Streamline the Financial Management System - Distribution of Approved Budget – Issue of Comprehensive Budget Release Order (CBRO) - Instructions and Guidelines - Issued.

FINANCE (Budget I) DEPARTMENT

G.O.MS.No. 101 Dated:12th August, 2015

Read the following:

1. G.O. Ms. No. 59, Finance and Planning (FW BG) Department dated 30.3.2001
2. U.O. Note No.29875-A/1283/A1/BG.I/2006 dated 25.11.2006
3. G.O. Ms. No. 147 Finance (BG I) Department dated 11.07,2011
4. G.O. Ms. No. 190 Finance (BG I) Department dated 02.09,2011
5. G.O. Ms. No. 241 Finance (BG I) Department dated 29.10.2011
6. G.O. Ms. No. 125 Finance (BG I) Department dated 20.05,2012
7. G.O. Ms. No. 35 Finance (BG I) Department dated 02.04.2015
8. G.O Ms No 36 Finance (BG I) Department dated 02.04.2015
9. G.O. Ms. No. 84 Finance (BG I) Department dated 02.07.2015

ORDER:

1. In the Government Order (GO) first read above, the Budget Release Order (BRO) system was introduced to 'facilitate smooth flow of funds to the departments and cut down unnecessary delays in movement of files'. Under this system that is currently in vogue, the Budget Release Order is issued by the Finance Secretary releasing the approved Budget for each quarter of the financial year, duly mentioning the Head of Accounts (HOA) of the scheme. The BRO system had dispensed with the earlier system that required the administrative departments to approach the Finance Department seeking funds for every activity involving financial commitment.

2. The current system requires the Secretary of the concerned administrative department to issue Administrative Sanction (AS) Orders based on the BRO issued by the Finance Department. Upon receipt of the BRO and AS, the Head of Department (HOD), who is the Chief Controlling Officer (CCO) of the department's approved budget, is required to issue district-wise /agency-wise allocation of funds to the Sub-ordinate Controlling Officers (SCOs), along with instructions and guidelines for utilisation of funds. Thereafter, the HOD communicates the budget distribution statement to the Director of

Treasuries and Accounts (DTA) / Director of Works Accounts (DWA), to enable them to issue Treasury Authorisation permitting the department to operate the budget and the treasuries to effect payment to the extent of authorised amount. Thereafter, the SCO is required to distribute the budget allocated by the HOD to the Drawing and Disbursing Officers (DDOs), which would be the basis for the District Treasury Officer (DTO) to issue authorisation to effect payment of bills submitted by the DDOs.

3. In respect of the new schemes being implemented for the first time, the schemes for which funding pattern has changed during the course of the financial year, Centrally Sponsored schemes and Finance Commission Grants, the Finance department, in consultation with administrative department, issues demand specific concurrence, followed by a budget release order. In such cases, the second instalment is released after review of the schemes, physical and financial performance, actual expenditure, receipt of funds from the Central Government and other financing institutions.

4. In the reference second read above, the Secretariat departments were requested to follow the due procedure while issuing administrative sanction orders for the schemes / programs, duly detailing the ingredients of Administrative Sanction (AS) order. In the reference third read above, orders were issued introducing the Green Channel Schemes on pilot basis, with the objective of increasing the predictability of fund releases to priority government programs and schemes that benefit the poorer sections. In the references fourth and sixth read above, orders were issued bringing additional schemes in the ambit of Green Channel.

Rationale for a refined system

5. While the BRO system streamlined and simplified the overall public financial management and increased the predictability of fund availability to the implementing agencies compared to the earlier system, it still involves six steps, before the approved budget is made available to the last operational unit. Moreover, the departments that implement time-sensitive and season-specific activities have been constrained by the budget being released in equal instalments over four quarters. In this background, the Finance Department has held extensive consultations with the departments to identify measures by which the approved budget can be made available at the time and place where it is most needed through a streamlined and simplified pathway. The inter-departmental consultations also included identification of measures for ensuring predictability of funds for all quarters

of the financial year within the approved Budget Estimates, to enable the Departments to prepare and implement the Annual Work Plan (AWP) without being constrained by the quarterly BROs.

Comprehensive Budget Release Order (CBRO)

6. In order to ensure streamlined budget management system and to facilitate timely availability of funds to the implementing agencies, the Government hereby order for the issuance of Comprehensive Budget Release Order (CBRO) duly releasing the approved budget for all quarters of the year. All departments of Secretariat and Head of all Departments are requested to follow the instructions indicated below:

a) Every administrative department is required to conduct detailed review of all its schemes / programs and furnish proposals for revised estimates for the current financial year and proposals for the next year's budget estimates by the last week of September every year. The Finance Department will estimate the overall availability of resources for the balance period of the year as well as the next year and finalise the revised estimates for the ongoing financial year by November and budget estimates for the following financial year by December month of the year.

b) Upon approval of the Annual Appropriation Act for the following year (Budget), the Secretary in charge of the administrative department shall prepare quarterly distribution of the budget for each Department under his / her control for each Head of Account (HOA) in accordance with the annual work plan and the budget (AWPB) and with reference to the specific requirement of the Department and communicate it to the Finance Department within a fortnight of the passing of the Annual Budget. Upon receipt and review of such a proposal, the Finance Department will issue the Comprehensive Budget Release Order for all four quarters of the year.

c) The Comprehensive Budget Release Order (CBRO) encompasses the Budget release for all quarters of the financial year. Accordingly, the existing practice of quarterly Budget Release Order (BRO) is dispensed herewith. The existing six-step process for each quarter is being replaced by an annual three-step process, which include CBRO by the Finance Department, followed by a Comprehensive Budget Distribution Order (CBDO) by the Head of the Department distributing the

budget released in the CBRO to the SCOs and DDOs, both of which will be for all quarters of the financial year. The third step will include the issue of Budget Authorisation Order (BAO) by the DTA / DWA, which will be done for one quarter at a time based on the CBRO and CBDO. In effect, this procedure will bring all budget lines of all key development programmes in the ambit of the Green Channel system.

d) The issue of Administrative Sanction Order (AS) for each quarter by the administrative department concerned in the Secretariat is dispensed herewith. However, this does not preclude the administrative departments from issuing appropriate instructions, guidelines, directions for effective implementation of the schemes and programmes. Moreover, the process for issuance of AS by the concerned departments for specific projects, works, activities, schemes, programs, etc., in accordance with the Rules of Secretariat Business and the existing delegation of financial and administrative authority shall continue to be operational and shall not be affected in anyway by this order.

e) Upon receipt of the CBRO, the Head of the Department shall issue Comprehensive Budget Distribution Order (CBDO) allocating the budget authorised in the CBRO amongst the SCOs / DDOs under their control, including the HOD office, for all quarters of the financial year, within a fortnight from the date of issuance of CBRO. The apportionment of funds to all the DDOs by the HODs and SCOs shall not exceed the total amount earmarked for each quarter in the CBRO. Apportionment of budget shall be in accordance with the approved work plan. The Head of Department may retain a part of the budget provision not exceeding twenty per cent with them so that these funds can be allocated as per exigencies. The action plan for the entire year shall be grounded immediately and the implementation of all schemes and programmes shall continue as per the approved work plan.

f) The DTA / DWA shall issue Budget Authorisation Order for only one quarter at a time based on the CBDO issued by the HOD duly ensuring its consistency with the CBRO and the orders issued herein. The Budget Authorisation Order shall clearly indicate the maximum amount that can be drawn for the quarter by the CCO /SCO / DDO. The DTA / DWA shall issue the BAO in the first week of every quarter of the financial year.

g) In respect of capital Heads of Accounts, the existing system shall continue, i.e. there will be no quarterly budget controls; and the Director of Works Accounts is instructed to act accordingly.

h) New schemes introduced for the first time and schemes that have undergone substantive change in terms of content and funding since the preceding year or during the course of the year would require the department to obtain and issue administrative orders in accordance with the Rules of Secretariat Business before approaching the Finance Department for release of the approved Budget. The Centrally Assisted State Plan Schemes and Finance Commission Grants will continue to be guided by the existing budget release system as outlined at paragraph three of this Order. This would entail that the Finance Department would issue orders releasing the Budget after receipt of grants from Government of India and other concerned entities. In all these cases, the second instalment will be released after review of the physical and financial performance, actual expenditure, receipt of funds from the Central Government, and other financing institutions. The State-matching share will be released after review of expenditure to avoid parking of funds with the implementing agencies. The departments shall continue to follow the existing system for these schemes.

i) The Head of the Department is required to closely monitor the implementation of the schemes / programs as per the approved work plan and review the utilisation of budget periodically. The Administrative Department will review the physical and financial performance and in exceptional cases, propose appropriate reallocation / redistribution / reappropriation of the unutilised budget, if mandated for effective implementation of the schemes and programmes in the first month of the second and third quarters of the financial year. Upon review of such a proposal and its acceptance, the Finance Department will issue revised CBRO, however, only for the third and fourth quarters. Such a revision will be done on exceptional basis and upon explicit request of the administrative department duly supported by evidence and justification. The CBRO will not be amended, once issued, for the first and second quarters of the year. The DTA / DWA will issue BAO based on the revised CBRO, however only for the third and fourth quarters. Budget Authorisation Order will also be issued as and when the HOD releases the funds reserved at his level to the subordinate officers.

j) The process outlined above does not apply to the Budget relating to the Raj Bhawan, High Court of Andhra Pradesh and Telangana, Legislative Secretariat, who will continue to follow the existing budget management procedure. Though the CBRO system will cover the Secretariat Departments, there will be no need for Treasury Authorisation for the Secretariat expenditure.

7. All Special Chief Secretaries / Principal Secretaries / Secretaries to the Government, Head of all Departments, Director of Treasuries and Accounts, Pay and Accounts Officer, Directorate of Works and Accounts, District Collectors, Subordinate Controlling Officers (SCOs) and Drawing and Disbursing Officers (DDOs) are requested to follow these instructions scrupulously.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

DR PV RAMESH
PRINCIPAL FINANCE SECRETARY TO THE GOVERNMENT

To
All Special Chief Secretaries / Principal Secretaries / Secretaries to Government
All Head of the Departments
All District Collectors
The Director of Treasuries and Accounts
The Pay and Accounts Officer
The Director of Works Accounts
The District Heads of all Departments

Copy to:
The Chief Secretary to Government of Andhra Pradesh
The Principal Secretary to the Chief Minister of Andhra Pradesh
The Registrar General of Hon'ble High Court of Telangana and Andhra Pradesh (with a covering letter)
The Accountant General of Andhra Pradesh
The Principal Auditor General of Andhra Pradesh
The OSD to the Finance Minister of Andhra Pradesh
The PS / OSD of all Hon'ble Ministers
All Officers of the Finance Department
The Director of IT, Finance Department
All Sections of the Finance Department
The District Collectors are requested to ensure copy of this Order is made available to all District / Sub-District / Mandal level offices of all departments
The DTA / DWA shall ensure copy of this Order is made available to all district and sub-district level officers of the department

// Forwarded :: By order //

Section Officer